

INFORMATION LETTER

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OFFICE OF PRICE ADMINISTRATION ISSUES MPR 306 IN DOCUMENT INCLUDING ALL AMENDMENTS TO DATE

Forms on Which to Report Price Ceilings Are Being Sent to All Canners

The Office of Price Administration issued on December 16 the text of Maximum Price Regulation No. 306 as one complete document containing all amendments issued through that date. This includes amendment No. 20 dealing with sauerkraut, maraschino cherries, and raw strawberry cost, which is summarized below.

A copy of the complete text of the price order governing processed fruits and vegetables is enclosed with this issue of the INFORMATION LETTER and should be filed by canners with the LETTER so that it will be readily available for reference. Thus it will be unnecessary for canners to refer to the original text of MPR No. 306 and the nineteen amendments that have been previously issued.

Copies of the new issue of MPR No. 306 are being sent to all fruit and vegetable canners by OPA, along with 15 copies each of the form on which 1943 ceiling prices are to be reported. These reports are to be filed with OPA by December 31, 1943. OPA officials advise that additional copies of the report forms should be obtained, if needed, from the canner's nearest regional OPA office.

Amendment 20 to MPR 306, which is incorporated in the new document and becomes effective on December 22, establishes a method by which processors of sauerkraut who do not have adequate records of their kraut yield per ton of cabbage for pricing purposes can determine their maximum prices.

This latest action of OPA provides processors with fixed yields of sauerkraut per ton of cabbage. On October 26, 1943, in announcing the formula under which sauerkraut processors should determine their maximum prices, OPA said they should use their average yield per ton of cabbage during the base period December 1, 1941-March 31, 1942.

Since that announcement, many processors have reported to OPA that their data on their yield of sauerkraut per ton of cabbage during that period is

insufficient to allow them to work the formula and determine their maximum price. The amendment, OPA states, provides such yields, based on average yields of representative members of the industry who did have the needed data.

In this same amendment OPA set up a formula by which processors of maraschino and glace (drained) cherries, who buy the raw cherries and take the preparatory step or brining the fruit themselves, can determine their maximum prices. Most processors of maraschino and glace cherries buy the fruit brined and OPA already has provided a pricing formula for such products.

The new formula carries through for them at the brining level the same steps already provided for the adjustment of brining prices because of increased raw fruit costs. They are limited, as were the briners, to a 1942 increase of \$36 per ton over 1941 and a 1943 increase of \$40 a ton over 1942 in working out their maximum prices.

SUBSIDY ACTION POSTPONED

Committee Resolution Would Continue Life of CCC Until Feb. 29

The Senate Banking and Currency Committee postponed decisive action on the food subsidy issue by voting on December 16 to report to the Senate a simple resolution to continue the Commodity Credit Corporation until February 29, 1944. The life of the Corporation expires on December 31, 1943, unless extended by act of Congress.

The action to put off further Committee consideration of the subsidy question until after the Christmas and New Year holidays was taken by a vote of 11 to 5. It followed the defeat by the Committee, by a 9 to 8 vote, of a motion to report favorably to the Senate the anti-subsidy measure passed by the House. A compromise offered by Senator Robert A. Taft of Ohio was defeated by a vote of 13 to 4. Also defeated was a proposal to place no limit on the Administration's use of food subsidies.

CCC Extends Date For Filing Applications

Commodity Credit Corporation has extended the period for submitting a final application for settlement under the purchase and resale program until March 31, 1944. Likewise, the Corporation set June 30, 1944, as the latest date for submitting amendments to the final settlement application.

It is understood that forms and instructions for making final applications for settlement will be available shortly.

In a letter to vegetable processors, CCC President J. B. Huston stated that the extensions of the dates for making final applications for settlement were made in order to allow processors more time in which to determine the volume of their sales to government agencies and thus reduce to a minimum the number of amendments to the final application.

The continuing resolution will be submitted to the Senate by Majority Leader Alben W. Barkley, who told reporters at the conclusion of the Committee's meeting that he planned to stay in Washington during the holidays "to work with both ends of Pennsylvania Avenue to devise a satisfactory result." If the continuing resolution is passed Congress will have an additional 60 days in which to work on the problem.

Similar action was taken last July, it will be recalled, following the President's veto of an anti-subsidy and CCC extension bill. At that time the President suggested that CCC be continued until December 31, 1943, so that further time would be available in which a satisfactory arrangement might be worked out under which CCC could operate.

Senator Taft's compromise proposal would limit expenditures for food subsidies to \$600,000,000 during the year 1944. It would restrict subsidy payments to commodities for which the War Food Administration has an-

nounced support prices and would place a duty upon WFA to maintain such support prices "either by regulations fixing prices, or by causing actual purchases to be made by some agency of the United States Government."

In addition, the Taft proposal would provide for reducing the margin between the support price and the consumer price by giving WFA discretionary authority to pay to processors or distributors "an amount per unit of the processed article (without relation to the profits of such processor or distributor)" provided that the margin is reduced by the amount of the payments per unit made by CCC. An alternative method is provided whereby CCC might purchase the unprocessed commodity and sell it to processors solely for processing "without affecting the general market price."

Order L-292 Interpreted To Authorize Change of Supplier

According to Interpretation No. 1 of Order L-292 issued December 4, an applicant is given permission to use his rating with a supplier other than the one indicated, provided the machine obtained is substantially identical in value, quantity, size, operation and functions with that named in the application form.

This arrangement is particularly helpful in view of the present programming of the manufacture of food processing equipment, because if an applicant finds that his supplier is not authorized to construct the machine, or has already completed his quota, he can move right on to other suppliers with his rating without delay for approval of change of supplier. Text of the interpretation of Order L-292 follows:

Paragraph (a) (6), in defining "approved orders" for food processing machinery, includes orders bearing a preference rating of AA-5 or higher assigned on certain specified forms (WPB-617, 576, 748, etc.). These forms in some cases call for the name and address of the supplier.

In these cases, the information intended is the name and address of the probable supplier. Provided the model actually obtained is substantially identical in value, quality, size, operation and function with that named in the application form, the preference rating may be used to get the product from any manufacturer, dealer or processor who has the product on hand or is authorized to manufacture or acquire it. For example, a rating assigned to purchase a 1" centrifugal sanitary pump may ordinarily be used to purchase that size pump from any manufacturer if the value is substantially the same as

Change in Form WPB 576

Attention has been called to the fact that form WPB 576, which is used under Orders P-115 and L-292 for securing priorities on cannery equipment, requests pack information for 1942 and estimates for 1943. Until such time as new forms are developed these columns should be changed so as to furnish pack figures for 1943 and estimates for 1944.

that of the pump described in the application. On the other hand, a rating assigned for a 6-can-per-minute dairy can washer costing \$1000 may not be used to get a 6-can-per-minute can washer costing \$2500. Similarly, a rating for a copper lined cheese vat may not be used to get a stainless steel cheese vat.

Approval of the form does not operate to authorize the supplier, whether or not named, to manufacture or acquire the product if that is otherwise prohibited.

Installation of Processing Machinery Is Facilitated

Action to facilitate the installation of processing machinery or equipment, or the relocation of new machinery or equipment within certain plants, if the cost of the installation materials is less than \$500, was taken on December 9 by the War Production Board through issuance of Direction 2 to Conservation Order L-41 and Direction 15 to CMP Regulation No. 5.

Under Direction 2, permission to install processing machinery or equipment or to relocate all kinds of machinery or equipment is limited to factories, plants, and other industrial units which have a productive floor area of 10,000 square feet or more and which do not make products listed in Schedule A of L-41. It does not make any difference how much the processing machinery or equipment itself costs.

Under Direction 15 to CMP Regulation 5 the MRO symbol and rating may be used by persons on Schedules 1 and 2 of the regulation to obtain the required installation materials up to \$500 and the cost of these materials does not have to be charged against the MRO quota in section (f) of the regulation. However, if a machine is purchased with an MRO rating, all materials required for installation are considered a part of the same capital addition and the total cost, not to exceed \$500, has to be charged against the MRO quota.

Movement of Canned Foods In Excess of Schedules

The movement of canned fruits and vegetables into consuming channels during the six-month period April to September inclusive, was 8,000,000 cases larger than OPA's schedule of movement. The scheduled movement as compared with the actual movement for the various groups of canned fruits and vegetables is shown below, as reported by the Office of Price Administration. Stocks of canned fruits and vegetables in canners' and wholesalers' hands at the end of this period, that is October 1, as reported by OPA, were published in the INFORMATION LETTER of December 4.

The Rationing Branch of OPA attempts to distribute the supplies available to the civilian trade in such a manner as to insure a supply of canned fruits and vegetables for the civilian population until the next pack is available. The Rationing Branch establishes for each item point values that are calculated to move the various items at the rate scheduled. Accordingly, the following figures showing the relation between the scheduled and actual movement give a measure of the accuracy of OPA's point program.

	Scheduled movement 1,000 cases	Actual movement 1,000 cases
Fruits.....	16,051	20,906
Vegetables.....	64,798	67,082
Juices.....	29,351	25,011
Soups and baby foods.....	14,818	14,327
Total.....	119,018	127,326

Farm Employment in November

With November weather generally ideal for seasonal farm work, total farm employment declined less than seasonally during the month, according to the U. S. Department of Agriculture. There were 9,519,000 persons working on farms the first of December—only slightly below the number of workers on December 1 last year or the average employment on December 1, 1938-1942. The seasonal decline in total farm employment during November was 11 per cent, compared with a 13 per cent drop during the month in the 5-year period.

The 2,250,000 hired workers estimated to be employed on farms December 1 were only 1.3 per cent fewer than those hired a year earlier and 1.8 per cent less than the December 1, 1938-1942, average. The drop in the number of hired hands during November was only about 15 per cent compared with the 5-year average decline from November 1 to December 1 of 20 per cent.

Ration Token Plan Will Go Into Effect on February 27

Manufacture of 2,000,600,000 ration tokens, more than twice the number called for in the original plan, was started last week, the Office of Price Administration has announced. Of these, 1,100,000,000 red tokens are to be used in making "ration change" in buying meats and fats, and 900,000,000 blue tokens in buying processed foods.

The new ration token plan will go into effect on Sunday, February 27, 1944. Food retailers will get their supply of tokens from the nation's banks, and tokens will be distributed to retailers about February 22.

Strips of stamps, each having a value of ten points under the plan regardless of the numeral now appearing on the stamps, will be validated on a horizontal or across-the-book basis rather than on a vertical or up and down basis, as at present.

A regular schedule of validity dates will be established. This will provide a total of five processed food stamps worth 50 points for each consumer at the start of each month. Three meat-fats stamps worth a total of 30 points, will become valid every two weeks.

Three red stamps with a total of 30 points will become valid every two weeks beginning February 27. The first series of six red stamps will remain valid until May 20. This arrangement will give a total of six stamps with a total of 60 points for each four-week period.

FARM WAGE REGULATIONS

Vinson Redefines Agricultural Labor and Extends WFA Jurisdiction

Director of Economic Stabilization Fred M. Vinson on December 10 announced amendments to his regulation dealing with the stabilization of wages and salaries of agricultural labor under the jurisdiction of the War Food Administrator. One purpose of the amendments is to clarify the definition of "agricultural labor." The amendments also increase the jurisdiction of the War Food Administrator in the field of agricultural labor.

Hereafter the War Food Administrator will have jurisdiction over all wages of agricultural labor and over salaries of agricultural laborers of \$5,000 per annum and less. Wages and salaries for agricultural labor above \$2,400 per annum remain frozen and cannot be increased without prior approval of the War Food Administrator. Nevertheless, increases may be made in

wages and salaries of agricultural labor up to \$2,400 per annum without prior approval unless the War Food Administrator has established specific wage ceilings for such labor. Existing wage rates prescribed by the War Food Administrator for certain areas are not changed by the amendments.

The War Food Administrator is expected shortly to issue regulations which will explain in further detail the persons who are considered within the term "agricultural labor."

Following is the text of the amendments relating to definition of "agricultural labor," wage and salary increases for agricultural labor, and limitation on wage and salary increases:

§ 4001.1 Definitions. * * * The term "agricultural labor" shall mean persons who are employed in farming in any of its branches, including among other things the cultivation and tillage of the soil, dairying, the production, cultivation, growing and harvesting of agricultural or horticultural commodities, and the raising of livestock, bees or poultry; *Provided, however,* that the term "agricultural labor" shall not include any person whose salary payments, exclusive of bonuses and additional compensation and without regard to the contemplated adjustment, are at a rate, computed on an annual basis, which exceeds \$5,000 per annum.

The War Food Administrator, by regulation, may issue such interpretations of the definition in this subsection as he finds necessary.

§ 4001.7 Wage and salary increases for agricultural labor. Considering that the general level of salaries and wages for agricultural labor is substandard, that a wide disparity now exists between salaries and wages paid labor in agriculture and salaries and wages paid labor in other essential war industries, and that the retention and recruitment of agricultural labor is of prime necessity in supplying the United Nations with needed foods and fibres, no increases in wages and salaries of agricultural labor, notwithstanding any other provision of any rules, orders or regulations under the Act of October 2, 1942, shall be deemed in violation of the Act or of any rules, orders or regulations thereunder except as follows: (a) After determination by the War Food Administrator of maximum permissible rates of compensation with respect to areas, crops, classes of employers or otherwise, and public notice of such determination, no increases in or payment of salaries or wages for agricultural labor shall be made above the rates specified in the public notice without the approval of the War Food Administrator. In no case, however, shall there be any reduction of wages or salaries for any particular work below the highest wages or salaries paid therefor between January 1, 1942, and September 15, 1942. As used in the preceding sentence, the words "for any

particular work" refer to the particular work of the particular employee and not merely to a particular type of work. (b) No increases shall be made in salary or wage payments to agricultural labor which are \$2,400 per annum or more, or which will raise such salary or wage payments to more than \$2,400 per annum, without the prior approval of the War Food Administrator.

As used in this section, the phrase "\$2,400 per annum" shall mean \$200 a month, or the equivalent weekly, hourly, piece work rate or comparable basis, except that in individual cases, salary or wage payments may be more than \$200.00 a month or the equivalent rate for not exceeding sixty days in any one year, if the aggregate wage or salary payments to the laborer, from all sources, are not more than \$2,400 for that year.

§ 4001.11 Limitation on wage and salary increases. (a) * * * (4) Reasonable adjustments in wages or salaries in case of promotions, reclassifications, merit increases, incentive wages or the like, provided that such adjustments do not increase the level of production costs appreciably or furnish the basis either to increase prices or to resist otherwise justifiable reductions in prices.

CCC to Pay Canners Increase In Cost of Grapefruit Juice

The War Food Administration announced on December 16 that the Commodity Credit Corporation will pay processors of canned grapefruit juice the amount of the increase in prices to growers of the civilian portion of the 1943-44 pack. The program, approved in a directive issued December 14 by the Director of Economic Stabilization, is designed to permit an average price of \$32.50 per ton to Florida and Texas growers and an average of \$28.50 per ton to California and Arizona growers. These prices are on an "on tree" basis.

Evaporated Milk Price Action

By amendment to MPR 289, specific dollars-and-cents prices for manufacturers' sales of British Standard evaporated milk were established by OPA on December 16, effective December 21, at levels approximately 50 cents higher on the large carton, and 25 cents on the small, than those previously existing for evaporated milk. The British Standard product, which meets standards promulgated by the British Ministry of Health, is higher in both milk fat and total milk solids than the rest of the United States pack.

RENEGOTIATION CHANGES

Committee Votes to Retain Retroactive Exemption for Canned Fruits and Vegetables

The new tax bill, estimated to raise \$2,284,000,000 in additional revenue and carrying changes in the renegotiation statute, was approved by the Senate Finance Committee on December 16. Committee amendments to the House-approved bill propose a 3 per cent victory tax on incomes above a flat exemption of \$624 a year, eliminate the proposed 6 per cent penalty for underestimating future income if the taxpayer's declaration was based substantially on the income of the previous year, and modify the tax on admissions and made slight increases in corporate excess-profits taxes.

As action on the tax bill cannot be obtained before January 1, when the Social Security payroll tax for old-age benefits is scheduled to be increased to two per cent, the Senate Finance Committee has approved attaching a provision to freeze the tax at 1 per cent to a House-approved bill suspending for 90 days the import duties on certain grains needed for cattle and poultry feed.

A forthcoming issue of the INFORMATION LETTER will contain an analysis of the bill, particularly with reference to changes made in the excess-profits taxes.

The Senate Committee voted to retain the exemption for canned fruits and vegetables and a somewhat limited exemption for processed agricultural commodities, which are defined to include fish and other marine life, effective as of the date of the original enactment of the renegotiation law. (See INFORMATION LETTER No. 961, November 20, 1943, p. 7943.) To these amendments, the Senate Committee added language bringing within the exemption any canned, bottled, packed, or processed dairy product.

In addition, the Senate made the exemption for any "standard commercial article" mandatory, rather than discretionary, with the Price Adjustment Board, beginning with contracts in any fiscal year ending after June 30, 1943. The definition of a "standard commercial article" was rewritten to include any article in general civilian, industrial, or commercial use prior to January 1, 1940, as to which the OPA has established a price ceiling. This addition would appear to cover all regularly manufactured canned foods not specifically included in the earlier exemption.

These proposed changes of the Senate Finance Committee will next be considered by the Senate.

Farm Labor Supply Measure Returned to Subcommittee

The House Committee on Appropriations reported to the House on December 17 recommendations for an appropriation of \$27,000,000 for the War Food Administration's farm labor supply program for 1944. The House began an immediate consideration of the measure. The program for the current year was carried on under the provisions of Public Law No. 45, which expires on December 31.

The Committee's recommendations contain an authorization under which WFA would permit the use of workers recruited under the program in packing, canning, freezing and drying perishable or seasonal fruits or vegetables when so directed by the Administrator. This authority, which was not contained in Public Law No. 45, was requested by WFA.

Earlier in the week the Committee had recommitted to a subcommittee a proposal under which WFA would have been granted \$81,000,000 with which to carry out the 1944 program. Both the measure reported to the House and the subcommittee's bill permit WFA to use the unexpended 1943 funds in 1944.

The bill provides that up to \$17,500,000 shall be allocated to the States to be administered by the extension services of the land-grant colleges. The remaining funds are to be allocated to the Office of Extension of WFA. Foreign labor would be recruited by the extension service of WFA.

Sauerkraut "Freeze" Ended

The War Food Administration on December 18 terminated Food Distribution Order 84 requiring all stocks of sauerkraut in the hands of packers since October 12 to be set aside for government purchase. This action, which followed receipt of advices from the Office of the Quartermaster General that the freeze order had served its purpose, will make all remaining sauerkraut supplies and the rest of the season's pack available for civilian consumption. Such sauerkraut will be marketed by packers in bulk (wooden barrels and kegs) as no tin or glass is allocated for this commodity. The civilian supplies will be much smaller than usual because of the smaller civilian pack and the heavy war requirements.

Pricing California Tomato and Products Sales to Government

Inquiries have been received regarding the pricing of canned tomatoes and tomato products sold to the Army and government agencies in California, where some adjustments may be made by the Commodity Credit Corporation to reimburse canners for transportation costs.

It is understood that adjustments by the CCC will be made by increasing the CCC purchase price by the amount of the transportation cost allowed. The difference between the revised CCC purchase price and the resale price will therefore cover both the subsidy on the increase in the contract price of tomatoes and the approved transportation costs. Consequently the price of tomato products sold to the government agencies may be adjusted to include the approved transportation costs since in calculating the government price a canner is allowed, according to Amendment 9 to MPR 306, to add to 96 per cent of his price to the civilian trade, the difference between the purchase and resale price expressed in terms of dozen cans.

Amendment 19 to MPR 306 authorizes canners to add 1 cent per dozen No. 2 cans for each \$1.00 per ton approved transportation cost.

Price Order on Beans, Macaroni Products and Noodles Amended

A provision under which persons acquiring and carrying on a business of processing beans, macaroni products, or noodles, or of distributing these processed products at certain levels, must determine their maximum prices, was added on December 18 by the Office of Price Administration to the regulation controlling prices of these commodities.

Where such a transfer occurs after April 28, 1942, the effective date of the General Maximum Price Regulation, the maximum prices of the transferee must be those to which the transferor would have been subject if the transfer had not taken place. The transferee must keep records sufficient to verify his prices. Records of the transferor must be kept available for, or turned over to, the transferee.

The regulation setting maximum prices for processors, primary distributors and wagon wholesalers of processed beans, macaroni products, and noodles is a formula regulation.